

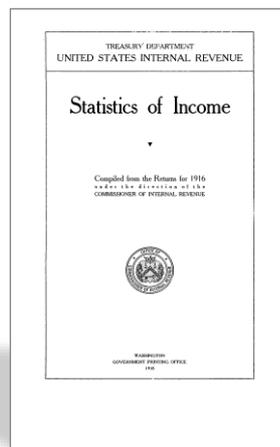


# ***IRS Statistics of Income Division's Joint Statistical Research Program***

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# SOI History and Mission

The Revenue Act of 1916 requires the Secretary of the Treasury to publish statistics on the operations of the tax system, at least annually (Internal Revenue Code Section 6108(a))



## Statistics of Income Mission

Formulate and execute the statistical policies, practices, and programs of the Internal Revenue Service. Collect, analyze, safeguard, and disseminate information on Federal taxation in support of tax administration, economic policy development, and financial analysis. Serve a broad range of users in the IRS, the Federal government, the public, and the nonprofit sectors. Provide statistical support within the Service for a broad range of program evaluation and measurement analytics. Lead efforts to modernize federal statistical programs and practices through engagement with the federal statistical community.

## SOI Mission (cont.)

- Unlike agencies that collect data through censuses and surveys, SOI collects its data from the administrative records created from IRS processing of tax and information returns
- Data collected from almost 250 forms and schedules
- SOI uses data from administrative processing to form the core of its products
- SOI adds value by:
  - Collecting additional information from forms, schedules, and attachments
  - Reorganizing information to add consistency
  - Coding data items to make them statistically useful
  - Performing rigorous quality checks to improve accuracy and reliability

# Joint Statistical Research Program

## Goals:

- Provide new understandings of taxpayer behavior that impact the administration of the U.S. tax system
- Provide new insights into ways that existing tax policies affect people, businesses, and the economy
- Suggest tax policy solutions to advance the common good

# Research Projects Must Support Tax Administration

## **Internal Revenue Code Section 6103(b)4:**

i) the administration, management, conduct, direction, and supervision of the execution and application of the internal revenue laws or related statutes (or equivalent laws and statutes of a State) and tax conventions to which the United States is a party, and

(ii) the development and formulation of Federal tax policy relating to existing or proposed internal revenue laws, related statutes, and tax conventions

# Project Management - Data

- Access to all available IRS data and SOI samples, as required to support specific projects including
  - Longitudinal administrative data sets
  - Curated cross-section and panel sample files
- Able to bring in non-IRS data for linkage to IRS files:
  - Researcher must obtain license/ permission
  - License must explicitly permit linkage
- Access data primarily at IRS facilities using IRS equipment
  - Exploring placing IRS equipment at Federal Statistical Data Centers for researcher convenience

# Project Management - Arrangements

- Some projects do not require research access to data
- Data access vehicles include:
  - Intergovernmental Personal Mobility Arrangement (IPA)
  - Student Volunteer Agreement
  - Contract
- When accessing data, researchers:
  - Must undergo full background investigation and data security and protection training
  - Are subject to disclosure penalties and prosecution
- Projects ideally last 2 years, but extensions are possible to:
  - Facilitate peer review comments
  - Expand work particularly beneficial to tax administration

# Project Management – SOI Staff Role

SOI assigns all projects to staff with subject-matter expertise:

- Serve as technical resources and ensure compliance with project scope and performance period
- Review all interim and final products for compliance with data-use limitations, contract guidelines, and disclosure limitation standards
- Manage administrative processes
  - SOI must rely on shared HCO and contract management resources
  - Technology support and equipment availability vary depending on geographic location of researcher

# Project Solicitation and Selection

- Solicitation of proposals:
  - Email to SOI Listserv subscribers and through various professional organization mailing lists
  - Presentations at NTA, NBER
- Evaluation criteria:
  - Tax administration relevance, contribution to IRS goals and mission
  - Data availability
  - Availability of SOI staff to participate in and/or oversee work
  - Researcher skills, quality of research plan, proposed timeframe
- Projects selected by committee of IRS and U.S. Treasury Department staff

## Research Projects

Call for proposals	Number of applicants	Number of projects selected	Number of institutions represented*
2008	10	4	5
2012	51	17	13
2014	80	12	17
2016	Call for proposals announced 11/9/16 and closes 12/31/16		

\* Some projects bring together researchers from multiple institutions

## Selected Research Contributions:

- The impact of tax expenditures and methods for increasing program participation
- Measures of intergenerational income mobility
- The impact of education tax credits
- Understanding how workers use taxable withdraws of pension funds
- The effects of tax rates on labor-force participation and migration
- Compliance studies – auditor effects, impact of offshore voluntary disclosure
- New understandings of business behavior

# Additional Benefits of a Research Program

## Administrative Data Enhancements

- IRS Data Bank
  - Basic individual level data
  - Variables needed to link to additional information
  - Improved metadata
  - Adding data from information documents (W-2, 1099, etc.)
- Improved analytical tools - Stata and R
- Improved management of computing space and processing techniques

## Enhancements to publicly released products

- New income data tabulations
- Redesigned public-use individual income tax file
- New data on low-income earners (forthcoming)
- Better understanding of flow-through businesses

# Questions?

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